

## IV-1

1 **TITLE IV—PROMOTING IN-**  
2 **FORMED PARENTAL CHOICE AND**  
3 **INNOVATIVE PROGRAMS**

4 **PART A—INNOVATIVE PROGRAMS**

5 **SEC. 401. PROMOTING INFORMED PARENTAL CHOICE AND**  
6 **INNOVATIVE PROGRAMS.**

7 Title IV is amended to read as follows:

8 **“TITLE IV—PROMOTING IN-**  
9 **FORMED PARENTAL CHOICE**  
10 **AND INNOVATIVE PROGRAMS**

11 **“PART A—INNOVATIVE PROGRAMS**

12 **“SEC. 4101. FINDINGS AND STATEMENT OF PURPOSE.**

13 “(a) FINDINGS.—Congress finds that this part—

14 “(1) provides flexibility to meet local needs;

15 “(2) promotes local and State education re-  
16 forms;

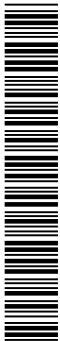
17 “(3) contributes to the improvement of aca-  
18 demic achievement for all students;

19 “(4) provides funding for critical activities; and

20 “(5) provides services for private school stu-  
21 dents.

22 “(b) STATEMENT OF PURPOSE.—It is the purpose of  
23 programs under this part—

24 “(1) to provide funding to enable States and  
25 local educational agencies to implement promising



## IV-2

1 educational reform programs and school improve-  
2 ment initiatives based on scientifically based re-  
3 search;

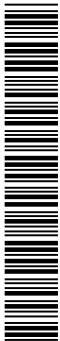
4 “(2) to provide a continuing source of innova-  
5 tion and educational improvement, including support  
6 for library services and instructional and media ma-  
7 terials; and

8 “(3) to meet the educational needs of all stu-  
9 dents, including at-risk youth.

10 “(c) STATE AND LOCAL RESPONSIBILITY.—

11 “(1) IN GENERAL.—The States shall have the  
12 basic responsibility for the administration of funds  
13 made available under this part, but such administra-  
14 tion shall be carried out with a minimum of paper-  
15 work.

16 “(2) DESIGN AND IMPLEMENTATION.—Not-  
17 withstanding paragraph (1), local educational agen-  
18 cies, school superintendents and principals, and  
19 classroom teachers and supporting personnel shall be  
20 mainly responsible for the design and implementa-  
21 tion of programs assisted under this part, because  
22 such agencies and individuals have the most direct  
23 contact with students and are most likely to be able  
24 to design programs to meet the educational needs of  
25 students in their own school districts.



## IV-3

1           **“Subpart 1—State and Local Programs**2   **“SEC. 4111. ALLOCATION TO STATES.**

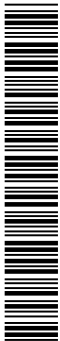
3           “(a) RESERVATIONS.—From the sums appropriated  
4 to carry out this part for each fiscal year, the Secretary  
5 shall reserve not more than 1 percent for payments to out-  
6 lying areas to be allotted in accordance with their respec-  
7 tive needs.

8           “(b) ALLOCATION OF REMAINDER.—From the re-  
9 mainder of such sums, the Secretary shall allocate, and  
10 make available in accordance with this part, to each State  
11 an amount which bears the same ratio to the amount of  
12 such remainder as the school-age population of the State  
13 bears to the school-age population of all States, except  
14 that no State shall receive less than an amount equal to  
15  $\frac{1}{2}$  of 1 percent of such remainder.

16 **“SEC. 4112. ALLOCATION TO LOCAL EDUCATIONAL AGEN-**  
17 **CIES.**

18           “(a) DISTRIBUTION RULE.—

19           “(1) IN GENERAL.—Subject to paragraph (2),  
20 from the sums made available each year to carry out  
21 this part, the State shall distribute not less than 85  
22 percent to local educational agencies within such  
23 State according to the relative enrollments in public  
24 and private, nonprofit schools within the jurisdic-  
25 tions of such agencies, adjusted, in accordance with  
26 criteria approved by the Secretary, to provide higher



## IV-4

1 per-pupil allocations to local educational agencies  
2 that have the greatest numbers or percentages of  
3 children whose education imposes a higher than av-  
4 erage cost per child, such as—

5 “(A) children living in areas with high con-  
6 centrations of economically disadvantaged fami-  
7 lies;

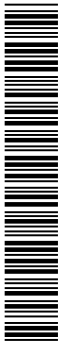
8 “(B) children from economically disadvan-  
9 taged families; and

10 “(C) children living in sparsely populated  
11 areas.

12 “(2) EXCEPTION.—100 percent of any amount  
13 by which the funds paid to a State under this part  
14 for a fiscal year exceed the amount of such funds  
15 paid to the State for fiscal year 2001 shall be dis-  
16 tributed to local educational agencies and used lo-  
17 cally for innovative assistance described in section  
18 4131(b).

19 “(3) LIMITATION ON ADMINISTRATIVE COSTS.—  
20 Not more than 4 percent of the funds paid to a  
21 State under this part for a fiscal year may be used  
22 by the agency for administration and supervision of  
23 programs assisted under this part.

24 “(b) CALCULATION OF ENROLLMENTS.—



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1           “(1) IN GENERAL.—The calculation of relative  
2           enrollments under subsection (a)(1) shall be on the  
3           basis of the total of—

4                   “(A) the number of children enrolled in  
5                   public schools; and

6                   “(B) the number of children enrolled in  
7                   private, nonprofit schools whose parents would  
8                   like their children to participate in programs or  
9                   projects assisted under this part, for the fiscal  
10                  year preceding the fiscal year for which the de-  
11                  termination is made.

12           “(2) CONSTRUCTION.—Nothing in this sub-  
13           section shall diminish the responsibility of each local  
14           educational agency to contact, on an annual basis,  
15           appropriate officials from private nonprofit schools  
16           within the areas served by such agencies in order to  
17           determine whether such schools desire that their  
18           children participate in programs assisted under this  
19           subpart.

20           “(3) ADJUSTMENTS.—

21                   “(A) IN GENERAL.—Relative enrollments  
22                   calculated under subsection (a)(1) shall be ad-  
23                   justed, in accordance with criteria approved by  
24                   the Secretary under subparagraph (B), to pro-  
25                   vide higher per-pupil allocations only to local



## IV-6

1 educational agencies that serve the greatest  
2 numbers or percentages of—

3 “(i) children living in areas with high  
4 concentrations of economically disadvan-  
5 tagged families;

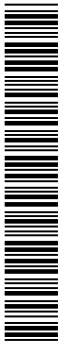
6 “(ii) children from economically dis-  
7 advantaged families; or

8 “(iii) children living in sparsely popu-  
9 lated areas.

10 “(B) CRITERIA.—The Secretary shall re-  
11 view criteria submitted by a State for adjusting  
12 allocations under paragraph (1) and shall ap-  
13 prove such criteria only if the Secretary deter-  
14 mines that such criteria are reasonably cal-  
15 culated to produce an adjusted allocation that  
16 reflects the relative needs of the State’s local  
17 educational agencies based on the factors set  
18 forth in subparagraph (A).

19 “(c) PAYMENT OF ALLOCATIONS.—

20 “(1) DISTRIBUTION.—From the funds paid to a  
21 State under this part for a fiscal year, a State shall  
22 distribute to each eligible local educational agency  
23 that has submitted an application as required in sec-  
24 tion 4133 the amount of such local educational



## IV-7

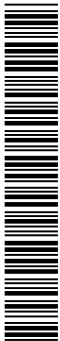
1 agency's allocation, as determined under subsection  
2 (a).

3 “(2) ADDITIONAL FUNDS.—

4 “(A) IN GENERAL.—Additional funds re-  
5 sulting from higher per-pupil allocations pro-  
6 vided to a local educational agency on the basis  
7 of adjusted enrollments of children described in  
8 subsection (a)(1) may, in the discretion of the  
9 local educational agency, be allocated for ex-  
10 penditures to provide services for children en-  
11 rolled in public and private, nonprofit schools in  
12 direct proportion to the number of children de-  
13 scribed in subsection (a)(1) and enrolled in  
14 such schools within the local educational agen-  
15 cy.

16 “(B) ELECTION.—In any fiscal year, any  
17 local educational agency that elects to allocate  
18 such additional funds in the manner described  
19 in subparagraph (A) shall allocate all additional  
20 funds to schools within the local educational  
21 agency in such manner.

22 “(C) CONSTRUCTION.—Subparagraphs (A)  
23 and (B) may not be construed to require any  
24 school to limit the use of the additional funds  
25 described in subparagraph (A) to the provision



## IV-8

1 of services to specific students or categories of  
2 students.

3 **“Subpart 2—State Programs**

4 **“SEC. 4121. STATE USE OF FUNDS.**

5 “A State may use funds made available for State use  
6 under this part only for—

7 “(1) State administration of programs under  
8 this part including—

9 “(A) supervision of the allocation of funds  
10 to local educational agencies;

11 “(B) planning, supervision, and processing  
12 of State funds; and

13 “(C) monitoring and evaluation of pro-  
14 grams and activities under this part;

15 “(2) support for planning, designing, and initial  
16 implementation of charter schools as described in  
17 part B;

18 “(3) statewide education reform and school im-  
19 provement activities and technical assistance and di-  
20 rect grants to local educational agencies which assist  
21 such agencies under section 4131; and

22 “(4) support for arrangements that provide for  
23 independent analysis to measure and report on  
24 school district achievement.





## IV-9

1   **“SEC. 4122. STATE APPLICATIONS.**

2           “(a) APPLICATION REQUIREMENTS.—Any State that  
3   desires to receive assistance under this part shall submit  
4   to the Secretary an application that—

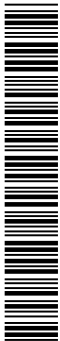
5           “(1) provides for an annual statewide summary  
6   of how assistance under this part is contributing to-  
7   ward improving student achievement or improving  
8   the quality of education for students;

9           “(2) provides information setting forth the allo-  
10   cation of such funds required to implement section  
11   4142;

12           “(3) provides that the State will keep such  
13   records and provide such information to the Sec-  
14   retary as may be required for fiscal audit and pro-  
15   gram evaluation (consistent with the responsibilities  
16   of the Secretary under this section);

17           “(4) provides assurance that, apart from tech-  
18   nical and advisory assistance and monitoring compli-  
19   ance with this part, the State has not exercised and  
20   will not exercise any influence in the decisionmaking  
21   processes of local educational agencies as to the ex-  
22   penditure made pursuant to an application under  
23   section 4133;

24           “(5) contains assurances that there is compli-  
25   ance with the specific requirements of this part; and



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1           “(6) provides for timely public notice and public  
2       dissemination of the information provided under  
3       paragraph (2).

4           “(b) STATEWIDE SUMMARY.—The statewide sum-  
5       mary referred to in subsection (a)(1) shall be submitted  
6       to the Secretary and shall be derived from the evaluation  
7       information submitted by local educational agencies to the  
8       State under section 4133(a)(8). The format and content  
9       of such summary shall be in the discretion of the State  
10      and may include statistical measures such as the number  
11      of students served by each type of innovative assistance  
12      described in section 4131(b), including the number of  
13      teachers trained.

14          “(c) PERIOD OF APPLICATION.—An application filed  
15      by the State under subsection (a) shall be for a period  
16      not to exceed 3 years, and may be amended annually as  
17      may be necessary to reflect changes without filing a new  
18      application.

19          “(d) AUDIT LIMITATION.—Each local educational  
20      agency receiving less than an average of \$5,000 under this  
21      part may not be audited more frequently than once every  
22      5 years.



## IV-11

1    **“Subpart 3—Local Innovative Education Programs**2    **“SEC. 4131. USE OF FUNDS.**

3           “(a) IN GENERAL.—Funds made available to local  
4 educational agencies under section 4112 shall be used for  
5 innovative assistance described in subsection (b).

6           “(b) INNOVATIVE ASSISTANCE.—The innovative as-  
7 sistance programs referred to in subsection (a) may  
8 include—

9               “(1) professional development activities and the  
10 hiring of teachers, including activities carried out in  
11 accordance with title II, that give teachers, prin-  
12 cipals, and administrators the knowledge and skills  
13 to provide students with the opportunity to meet  
14 challenging State or local content standards and stu-  
15 dent achievement standards;

16               “(2) technology related to the implementation  
17 of school-based reform programs, including profes-  
18 sional development to assist teachers, and other  
19 school officials, regarding how to use effectively such  
20 equipment and software;

21               “(3) programs for the development or acquisi-  
22 tion and use of instructional and educational mate-  
23 rials, including library services and materials (in-  
24 cluding media materials), assessments, reference ma-  
25 terials, computer software and hardware for instruc-  
26 tional use, and other curricular materials that are



## IV-12

1 tied to high academic standards, that will be used to  
2 improve student achievement, and that are part of  
3 an overall education reform program;

4 “(4) promising education reform projects, in-  
5 cluding effective schools and magnet schools;

6 “(5) programs to improve the academic skills of  
7 disadvantaged elementary and secondary school stu-  
8 dents and to prevent students from dropping out of  
9 school;

10 “(6) programs to combat illiteracy;

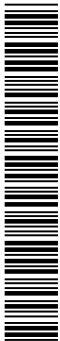
11 “(7) programs to provide for the educational  
12 needs of gifted and talented children;

13 “(8) planning, designing, and initial implemen-  
14 tation of charter schools as described in part B;

15 “(9) school improvement programs or activities  
16 under sections 1116 and 1117;

17 “(10) community service programs that use  
18 qualified school personnel to train and mobilize  
19 young people to measurably strengthen their com-  
20 munities through nonviolence, responsibility, com-  
21 passion, respect, and moral courage;

22 “(11) activities to promote consumer, economic,  
23 and personal finance education, such as dissemi-  
24 nating and encouraging the best practices for teach-  
25 ing the basic principles of economics and promoting



## IV-13

1 the concept of achieving financial literacy through  
2 the teaching of personal financial management skills  
3 (including the basic principles involved with earning,  
4 spending, saving, and investing);

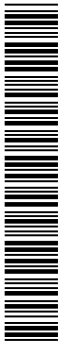
5 “(12) activities to promote, implement, or ex-  
6 pand public school choice;

7 “(13) activities to promote, implement, or ex-  
8 pand private school choice for disadvantaged chil-  
9 dren in failing public schools;

10 “(14) expanding and improving school-based  
11 mental health services, including early identification  
12 of drug use and violence, assessment, and direct in-  
13 dividual or group counseling services provided to stu-  
14 dents, parents, and school personnel by qualified  
15 school based mental health services personnel;

16 “(15) alternative educational programs for  
17 those students who have been expelled or suspended  
18 from their regular educational setting, including pro-  
19 grams to assist students to reenter the regular edu-  
20 cational setting upon return from treatment or alter-  
21 native educational programs;

22 “(16) activities to improve the quality of civics  
23 and government education to foster civic competence  
24 and responsibility, by educating students about the



## IV-14

1 history and principles of the Constitution of the  
2 United States, including the Bill of Rights; and

3 “(17) programs that improve academic achieve-  
4 ment by strengthening arts education as an integral  
5 part of the elementary and secondary school cur-  
6 riculum.

7 **“SEC. 4132. ADMINISTRATIVE AUTHORITY.**

8 “In order to conduct the activities authorized by this  
9 part, each State or local educational agency may use funds  
10 made available under this part to make grants to, and to  
11 enter into contracts with, local educational agencies, insti-  
12 tutions of higher education, libraries, museums, and other  
13 public and private nonprofit agencies, organizations, and  
14 institutions, including religious organizations.

15 **“SEC. 4133. LOCAL APPLICATIONS.**

16 “(a) CERTIFICATION.—

17 “(1) IN GENERAL.—A local educational agency  
18 or a consortium of such agencies may receive an al-  
19 location of funds under this part for any year for  
20 which the agency or consortium submits an applica-  
21 tion under this section that is certified by the State  
22 under paragraph (2) to meet the requirements of  
23 this section.

24 (2) CONTENTS OF APPLICATION.—The State  
25 shall certify each application that—



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1 “(1) describes locally identified needs relative to  
2 the purposes of this part and to the innovative as-  
3 sistance described in section 4131(b);

4 “(2) based on the needs identified in paragraph  
5 (1), sets forth the planned allocation of funds among  
6 innovative assistance programs described in section  
7 4131 and describes the programs, projects, and ac-  
8 tivities designed to carry out such innovative assist-  
9 ance programs that the local educational agency in-  
10 tends to support;

11 “(3) contains information setting forth the allo-  
12 cation of such funds required to implement section  
13 4142;

14 “(4) describes how assistance under this part  
15 will contribute to improving student academic  
16 achievement;

17 “(5) provides assurances of compliance with the  
18 provisions of this part, including the participation of  
19 children enrolled in private, nonprofit schools in ac-  
20 cordance with section 4142;

21 “(6) provides assurance that the local edu-  
22 cational agency will keep such records, and provide  
23 such information to the State as may be reasonably  
24 required for fiscal audit and program evaluation,



## IV-16

1 consistent with the responsibilities of the State  
2 under this part;

3 “(7) provides in the allocation of funds for the  
4 assistance authorized by this part, and in the design,  
5 planning, and implementation of such programs, for  
6 systematic consultation with parents of children at-  
7 tending elementary and secondary schools in the  
8 area served by the local educational agency, with  
9 teachers and administrative personnel in such  
10 schools, and with other groups involved in the imple-  
11 mentation of this part (such as librarians, school  
12 counselors, and other pupil services personnel) as  
13 may be considered appropriate by the local edu-  
14 cational agency; and

15 “(8) provides assurance that—

16 “(A) programs, services, and activities will  
17 be evaluated annually;

18 “(B) such evaluation will be used to deter-  
19 mine and implement appropriate changes in  
20 program services and activities for the subse-  
21 quent year;

22 “(C) such evaluation will describe how as-  
23 sistance under this part contributed toward im-  
24 proving student academic achievement; and





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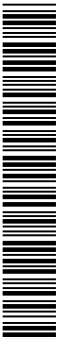
1           “(D) such evaluation will be submitted to  
2           the State in the time and manner requested by  
3           the State.

4           “(b) TIME PERIOD TO WHICH APPLICATION RE-  
5 LATES.—An application submitted by a local educational  
6 agency under subsection (a) may seek allocations under  
7 this part for a period of time not to exceed 3 fiscal years  
8 and may be amended annually as may be necessary to re-  
9 flect changes without the filing of a new application.

10          “(c) LOCAL EDUCATIONAL AGENCY DISCRETION.—

11           “(1) IN GENERAL.—Subject to the limitations  
12 and requirements of this part, a local educational  
13 agency shall have complete discretion in determining  
14 how funds made available under this subpart will be  
15 divided among programs and activities described in  
16 section 4131.

17           “(2) LIMITATION.—In exercising the discretion  
18 described in paragraph (1), a local educational agen-  
19 cy shall ensure that expenditures under this subpart  
20 carry out the purposes of this part and are used to  
21 meet the educational needs within the schools of  
22 such local educational agency.



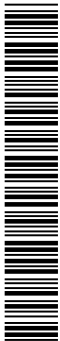
## IV-18

1                   **“Subpart 4—General Provisions**2   **“SEC. 4141. MAINTENANCE OF EFFORT; FEDERAL FUNDS**  
3                   **SUPPLEMENTARY.**

4           “(a) MAINTENANCE OF EFFORT.—

5                   “(1) IN GENERAL.—Except as provided in para-  
6           graph (2), a State is entitled to receive its full allo-  
7           cation of funds under this subpart for any fiscal  
8           year only if the Secretary determines that either the  
9           combined fiscal effort per student or the aggregate  
10          expenditures within the State with respect to the  
11          provision of free public education for the fiscal year  
12          preceding the fiscal year for which the determination  
13          is made was not less than 90 percent of such com-  
14          bined fiscal effort or aggregate expenditures for the  
15          fiscal year that is 2 fiscal years before the fiscal year  
16          for which the determination is made.

17                  “(2) REDUCTION OF FUNDS.—The Secretary  
18          shall reduce the amount of the allocation of funds  
19          under this subpart in any fiscal year in the exact  
20          proportion to which the State fails to meet the re-  
21          quirements of paragraph (1) by falling below 90 per-  
22          cent of both the fiscal effort per student and aggre-  
23          gate expenditures (using the measure most favorable  
24          to the State), and no such lesser amount shall be  
25          used for computing the effort required under para-  
26          graph (1) for subsequent years.



## IV-19

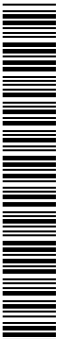
“(3) WAIVER.—The Secretary may waive, for 1  
fiscal year only, the requirements of this section if 2  
the Secretary determines that such a waiver would 3  
be equitable due to exceptional or uncontrollable cir- 4  
cumstances such as a natural disaster or a precipi- 5  
tous and unforeseen decline in the financial re- 6  
sources of the State. 7

8           “(b) FEDERAL FUNDS SUPPLEMENTARY.—A State  
9 or local educational agency may use and allocate funds  
10 received under this subpart only to supplement and, to the  
11 extent practical, to increase the level of funds that would,  
12 in the absence of Federal funds made available under this  
13 subpart, be made available from non-Federal sources, and  
14 in no case may such funds be used so as to supplant funds  
15 from non-Federal sources.

16 "SEC. 4142. PARTICIPATION OF CHILDREN ENROLLED IN  
17 PRIVATE SCHOOLS.

18           “(a) PARTICIPATION ON EQUITABLE BASIS.—

“(1) IN GENERAL.—To the extent consistent with the number of children in the school district of a local educational agency which is eligible to receive funds under this part or which serves the area in which a program or project assisted under this part is located, who are enrolled in private nonprofit elementary and secondary schools, or with respect to



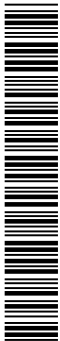
## IV-20

1 instructional or personnel training programs funded  
2 by the State from funds made available for State  
3 use, such agency, after consultation with appropriate  
4 private school officials—

5 “(A) shall provide for the benefit of such  
6 children in such schools secular, neutral, and  
7 nonideological services, materials, and equip-  
8 ment, including the participation of the teach-  
9 ers of such children (and other educational per-  
10 sonnel serving such children) in training pro-  
11 grams, and the repair or minor remodeling of  
12 public facilities as may be necessary for their  
13 provision (consistent with subsection (c) of this  
14 section); or

15 “(B) if such services, materials, and equip-  
16 ment are not feasible or necessary in 1 or more  
17 such private schools as determined by the local  
18 educational agency after consultation with the  
19 appropriate private school officials, shall pro-  
20 vide such other arrangements as will assure eq-  
21 uitable participation of such children in the  
22 purposes and benefits of this part.

23 “(2) OTHER PROVISIONS FOR SERVICES.—If no  
24 program or project is carried out under paragraph  
25 (1) in the school district of a local educational agen-



## IV-21

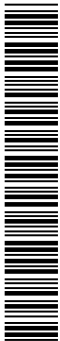
1 cy, the State shall make arrangements, such as  
2 through contracts with nonprofit agencies or organi-  
3 zations, under which children in private schools in  
4 such district are provided with services and mate-  
5 rials to the extent that would have occurred if the  
6 local educational agency had received funds under  
7 this part.

8 “(3) APPLICATION OF REQUIREMENTS.—The  
9 requirements of this section relating to the participa-  
10 tion of children, teachers, and other personnel serv-  
11 ing such children shall apply to programs and  
12 projects carried out under this part by a State or  
13 local educational agency, whether directly or through  
14 grants to or contracts with other public or private  
15 agencies, institutions, or organizations.

16 “(b) EQUAL EXPENDITURES.—

17 “(1) IN GENERAL.—Expenditures for programs  
18 pursuant to subsection (a) shall be equal (consistent  
19 with the number of children to be served) to expend-  
20 itures for programs under this part for children en-  
21 rolled in the public schools of the local educational  
22 agency.

23 “(2) CONCENTRATED PROGRAMS.—Taking into  
24 account the needs of the individual children and  
25 other factors which relate to the expenditures re-



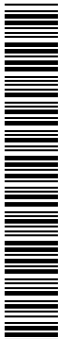
## IV-22

1       ferred to in paragraph (1), and when funds available  
2       to a local educational agency under this part are  
3       used to concentrate programs or projects on a par-  
4       ticular group, attendance area, or grade or age level,  
5       children enrolled in private schools who are included  
6       within the group, attendance area, or grade or age  
7       level selected for such concentration shall, after con-  
8       sultation with the appropriate private school offi-  
9       cials, be assured equitable participation in the pur-  
10      poses and benefits of such programs or projects.

11      “(c) ADMINISTRATIVE RULES.—

12           “(1) FUNDS AND PROPERTY.—The control of  
13      funds provided under this part, and title to mate-  
14      rials, equipment, and property repaired, remodeled,  
15      or constructed with such funds, shall be in a public  
16      agency for the uses and purposes provided in this  
17      part, and a public agency shall administer such  
18      funds and property.

19           “(2) PROVISION OF SERVICES.—The provision  
20      of services pursuant to this part shall be provided by  
21      employees of a public agency or through contract by  
22      such public agency with a person, an association,  
23      agency, or corporation who or which, in the provi-  
24      sion of such services, is independent of such private  
25      school and of any religious organizations, and such



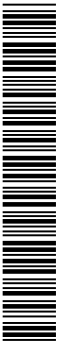
## IV-23

1 employment or contract shall be under the control  
2 and supervision of such public agency, and the funds  
3 provided under this part shall not be commingled  
4 with State or local funds.

5 “(d) WAIVER.—

6 “(1) STATE PROHIBITION WAIVER.—If by rea-  
7 son of any provision of law a State or local edu-  
8 cational agency is prohibited from providing for the  
9 participation in programs of children enrolled in pri-  
10 vate elementary and secondary schools, as required  
11 by this section, the Secretary shall waive such re-  
12 quirements and shall arrange for the provision of  
13 services to such children through arrangements  
14 which shall be subject to the requirements of this  
15 section.

16 “(2) FAILURE TO COMPLY.—If the Secretary  
17 determines that a State or a local educational agen-  
18 cy has substantially failed or is unwilling to provide  
19 for the participation on an equitable basis of chil-  
20 dren enrolled in private elementary and secondary  
21 schools as required by this section, the Secretary  
22 may waive such requirements and shall arrange for  
23 the provision of services to such children through ar-  
24 rangements which shall be subject to the require-  
25 ments of this section.



## IV-24

1       “(e) WITHHOLDING OF ALLOCATION.—Pending final  
2 resolution of any investigation or complaint that could re-  
3 sult in a waiver under subsection (d)(1) or (d)(2), the Sec-  
4 retary may withhold from the allocation of the affected  
5 State or local educational agency the amount estimated  
6 by the Secretary to be necessary to pay the cost of services  
7 to be provided by the Secretary under such subsection.

8       “(f) TERM OF DETERMINATIONS.—Any determina-  
9 tion by the Secretary under this section shall continue in  
10 effect until the Secretary determines that there will no  
11 longer be any failure or inability on the part of the State  
12 or local educational agency to meet the requirements of  
13 subsections (a) and (b).

14       “(g) PAYMENT FROM STATE ALLOTMENT.—When  
15 the Secretary arranges for services pursuant to this sec-  
16 tion, the Secretary shall, after consultation with the ap-  
17 propriate public and private school officials, pay the cost  
18 of such services, including the administrative costs of ar-  
19 ranging for those services, from the appropriate allotment  
20 of the State under this part.

21       “(h) REVIEW.—

22       “(1) WRITTEN OBJECTIONS.—The Secretary  
23 shall not take any final action under this section  
24 until the State and the local educational agency af-  
25 fected by such action have had an opportunity, for





## IV-25

1 not less than 45 days after receiving written notice  
2 thereof, to submit written objections and to appear  
3 before the Secretary or the Secretary's designee to  
4 show cause why that action should not be taken.

5 “(2) COURT ACTION.—If a State or local edu-  
6 cational agency is dissatisfied with the Secretary's  
7 final action after a proceeding under paragraph (1),  
8 such agency may, not later than 60 days after notice  
9 of such action, file with the United States court of  
10 appeals for the circuit in which such State is located  
11 a petition for review of that action. A copy of the  
12 petition shall be transmitted by the clerk of the  
13 court to the Secretary. The Secretary thereupon  
14 shall file in the court the record of the proceedings  
15 on which the Secretary based this action, as pro-  
16 vided in section 2112 of title 28, United States  
17 Code.

18 “(3) REMAND TO SECRETARY.—The findings of  
19 fact by the Secretary, if supported by substantial  
20 evidence, shall be conclusive; but the court, for good  
21 cause shown, may remand the case to the Secretary  
22 to take further evidence and the Secretary may  
23 make new or modified findings of fact and may mod-  
24 ify the Secretary's previous action, and shall file in  
25 the court the record of the further proceedings. Such



## IV-26

1 new or modified findings of fact shall likewise be  
2 conclusive if supported by substantial evidence.

3 “(4) COURT REVIEW.—Upon the filing of such  
4 petition, the court shall have jurisdiction to affirm  
5 the action of the Secretary or to set such action  
6 aside, in whole or in part. The judgment of the court  
7 shall be subject to review by the Supreme Court of  
8 the United States upon certiorari or certification as  
9 provided in section 1254 of title 28, United States  
10 Code.

11 **“SEC. 4143. FEDERAL ADMINISTRATION.**

12 “(a) TECHNICAL ASSISTANCE.—The Secretary, upon  
13 request, shall provide technical assistance to States and  
14 local educational agencies under this part.

15 “(b) RULEMAKING.—The Secretary shall issue regu-  
16 lations under this part only to the extent that such regula-  
17 tions are necessary to ensure that there is compliance with  
18 the specific requirements and assurances required by this  
19 part.

20 “(c) AVAILABILITY OF APPROPRIATIONS.—Notwith-  
21 standing any other provision of law, unless expressly in  
22 limitation of this subsection, funds appropriated in any  
23 fiscal year to carry out activities under this part shall be-  
24 come available for obligation on July 1 of such fiscal year



## IV-27

1 and shall remain available for obligation until the end of  
2 the subsequent fiscal year.

3 **“SEC. 4144. DEFINITIONS.**

4 “In this part, the following definitions apply:

5 “(1) SCHOOL-AGE POPULATION.—The term  
6 ‘school-age population’ means the population aged 5  
7 through 17.

8 “(2) STATE.—The term ‘State’ means each of  
9 the 50 States, the District of Columbia, and the  
10 Commonwealth of Puerto Rico.

11 **“SEC. 4145. AUTHORIZATION OF APPROPRIATIONS.**

12 “There are authorized to be appropriated to carry out  
13 this part \$472,000,000 for fiscal year 2002 and such sums  
14 as may be necessary for each of fiscal years 2003 through  
15 2006.”.

16 **PART B—PUBLIC CHARTER SCHOOLS**

17 **SEC. 411. PUBLIC CHARTER SCHOOLS.**

18 Part B of title IV is amended to read as follows:

19 **“PART B—PUBLIC CHARTER SCHOOLS**

20 **“SEC. 4201. FINDINGS AND PURPOSE.**

21 “(a) FINDINGS.—The Congress finds that—

22 “(1) enhancement of parent and student choices  
23 among public schools can assist in promoting com-  
24 prehensive educational reform and give more stu-  
25 dents the opportunity to learn to challenging State



## IV-28

1 content standards and challenging State student  
2 performance standards, if sufficiently diverse and  
3 high-quality choices, and genuine opportunities to  
4 take advantage of such choices, are available to all  
5 students;

6 “(2) useful examples of such choices can come  
7 from States and communities that experiment with  
8 methods of offering teachers and other educators,  
9 parents, and other members of the public the oppor-  
10 tunity to design and implement new public schools  
11 and to transform existing public schools;

12 “(3) charter schools are a mechanism for test-  
13 ing a variety of educational approaches and should,  
14 therefore, be exempted from restrictive rules and  
15 regulations if the leadership of such schools commits  
16 to attaining specific and ambitious educational re-  
17 sults for educationally disadvantaged students con-  
18 sistent with challenging State content standards and  
19 challenging State student performance standards for  
20 all students;

21 “(4) charter schools, as such schools have been  
22 implemented in a few States, can embody the nec-  
23 essary mixture of enhanced choice, exemption from  
24 restrictive regulations, and a focus on learning  
25 gains;



## IV-29

1           “(5) charter schools, including charter schools  
2           that are schools-within-schools, can help reduce  
3           school size, which reduction can have a significant  
4           effect on student achievement;

5           “(6) the Federal Government should test, evalu-  
6           ate, and disseminate information on a variety of  
7           charter school models in order to help demonstrate  
8           the benefits of this promising educational reform;  
9           and

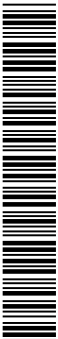
10          “(7) there is a strong documented need for  
11          cash-flow assistance to charter schools that are  
12          starting up, because State and local operating rev-  
13          enue streams are not immediately available.

14          “(b) PURPOSE.—It is the purpose of this part to in-  
15          crease national understanding of the charter schools model  
16          by—

17               “(1) providing financial assistance for the plan-  
18               ning, program design and initial implementation of  
19               charter schools;

20               “(2) evaluating the effects of such schools, in-  
21               cluding the effects on students, student achievement,  
22               staff, and parents; and

23               “(3) expanding the number of high-quality  
24               charter schools available to students across the Na-  
25               tion.



## IV-30

1   **“SEC. 4202. PROGRAM AUTHORIZED.**

2           “(a) IN GENERAL.—The Secretary may award grants  
3 to State educational agencies having applications approved  
4 pursuant to section 4203 to enable such agencies to con-  
5 duct a charter school grant program in accordance with  
6 this part.

7           “(b) SPECIAL RULE.—If a State educational agency  
8 elects not to participate in the program authorized by this  
9 part or does not have an application approved under sec-  
10 tion 4203, the Secretary may award a grant to an eligible  
11 applicant that serves such State and has an application  
12 approved pursuant to section 4203(c).

13       **“(c) PROGRAM PERIODS.—**

14           “(1) GRANTS TO STATES.—Grants awarded to  
15 State educational agencies under this part shall be  
16 awarded for a period of not more than 3 years.

17           “(2) GRANTS TO ELIGIBLE APPLICANTS.—  
18 Grants awarded by the Secretary to eligible appli-  
19 cants or subgrants awarded by State educational  
20 agencies to eligible applicants under this part shall  
21 be awarded for a period of not more than 3 years,  
22 of which the eligible applicant may use—

23               “(A) not more than 18 months for plan-  
24 ning and program design;

25               “(B) not more than 2 years for the initial  
26 implementation of a charter school; and



## IV-31

1           “(C) not more than 2 years to carry out  
2           dissemination activities described in section  
3           4204(f)(6)(B).

4           “(d) LIMITATION.—A charter school may not  
5 receive—

6           “(1) more than one grant for activities de-  
7           scribed in subparagraphs (A) and (B) of subsection  
8           (c)(2); or

9           “(2) more than one grant for activities under  
10          subparagraph (C) of subsection (c)(2).

11          “(e) PRIORITY TREATMENT.—In awarding grants  
12 under this part from any funds appropriated under section  
13 4211, the Secretary shall give priority to States to the ex-  
14 tent that the States meet the criteria described in para-  
15 graph (2) and one or more of the criteria described in sub-  
16 paragraph (A), (B), or (C) of paragraph (3).

17          “(2) REVIEW AND EVALUATION PRIORITY CRI-  
18          TERIA.—The criteria referred to in paragraph (1) is  
19          that the State provides for periodic review and eval-  
20          uation by the authorized public chartering agency of  
21          each charter school, at least once every 5 years un-  
22          less required more frequently by State law, to deter-  
23          mine whether the charter school is meeting the  
24          terms of the school’s charter, and is meeting or ex-  
25          ceeding the academic performance requirements and



## IV-32

1 goals for charter schools as set forth under State  
2 law or the school's charter.

3 “(3) PRIORITY CRITERIA.—The criteria referred  
4 to in paragraph (1) are the following:

5 “(A) The State has demonstrated progress,  
6 in increasing the number of high quality charter  
7 schools that are held accountable in the terms  
8 of the schools' charters for meeting clear and  
9 measurable objectives for the educational  
10 progress of the students attending the schools,  
11 in the period prior to the period for which a  
12 State educational agency or eligible applicant  
13 applies for a grant under this part.

14 “(B) The State—

15 “(i) provides for one authorized public  
16 chartering agency that is not a local edu-  
17 cational agency, such as a State chartering  
18 board, for each individual or entity seeking  
19 to operate a charter school pursuant to  
20 such State law; or

21 “(ii) in the case of a State in which  
22 local educational agencies are the only au-  
23 thorized public chartering agencies, allows  
24 for an appeals process for the denial of an  
25 application for a charter school.





## IV-33

1           “(C) The State ensures that each charter  
2           school has a high degree of autonomy over the  
3           charter school’s budgets and expenditures.

4           “(f) AMOUNT CRITERIA.—In determining the amount  
5           of a grant to be awarded under this part to a State edu-  
6           cational agency, the Secretary shall take into consider-  
7           ation the number of charter schools that are operating,  
8           or are approved to open, in the State.

9           **“SEC. 4203. APPLICATIONS.**

10          “(a) APPLICATIONS FROM STATE AGENCIES.—Each  
11          State educational agency desiring a grant from the Sec-  
12          retary under this part shall submit to the Secretary an  
13          application at such time, in such manner, and containing  
14          or accompanied by such information as the Secretary may  
15          require.

16          “(b) CONTENTS OF A STATE EDUCATIONAL AGENCY  
17          APPLICATION.—Each application submitted pursuant to  
18          subsection (a) shall—

19               “(1) describe the objectives of the State edu-  
20               cational agency’s charter school grant program and  
21               a description of how such objectives will be fulfilled,  
22               including steps taken by the State educational agen-  
23               cy to inform teachers, parents, and communities of  
24               the State educational agency’s charter school grant  
25               program; and



## IV-34

1           “(2) describe how the State educational  
2 agency—

3           “(A) will inform each charter school in the  
4 State regarding—

5           “(i) Federal funds that the charter  
6 school is eligible to receive; and

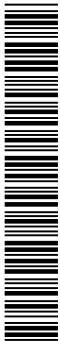
7           “(ii) Federal programs in which the  
8 charter school may participate;

9           “(B) will ensure that each charter school  
10 in the State receives the charter school’s com-  
11 mensurate share of Federal education funds  
12 that are allocated by formula each year, includ-  
13 ing during the first year of operation of the  
14 charter school; and

15           “(C) will disseminate best or promising  
16 practices of charter schools to each local edu-  
17 cational agency in the State; and

18           “(3) contain assurances that the State edu-  
19 cational agency will require each eligible applicant  
20 desiring to receive a subgrant to submit an applica-  
21 tion to the State educational agency containing—

22           “(A) a description of the educational pro-  
23 gram to be implemented by the proposed char-  
24 ter school, including—



## IV-35

1 “(i) how the program will enable all  
2 students to meet challenging State student  
3 performance standards;

4 “(ii) the grade levels or ages of chil-  
5 dren to be served; and

6 “(iii) the curriculum and instructional  
7 practices to be used;

8 “(B) a description of how the charter  
9 school will be managed;

10 “(C) a description of—

11 “(i) the objectives of the charter  
12 school; and

13 “(ii) the methods by which the charter  
14 school will determine its progress toward  
15 achieving those objectives;

16 “(D) a description of the administrative re-  
17 lationship between the charter school and the  
18 authorized public chartering agency;

19 “(E) a description of how parents and  
20 other members of the community will be in-  
21 volved in the planning, program design and im-  
22 plementation of the charter school;

23 “(F) a description of how the authorized  
24 public chartering agency will provide for contin-  
25 ued operation of the school once the Federal



## IV-36

1 grant has expired, if such agency determines  
2 that the school has met the objectives described  
3 in subparagraph (C)(i);

4 “(G) a request and justification for waivers  
5 of any Federal statutory or regulatory provi-  
6 sions that the applicant believes are necessary  
7 for the successful operation of the charter  
8 school, and a description of any State or local  
9 rules, generally applicable to public schools,  
10 that will be waived for, or otherwise not apply  
11 to, the school;

12 “(H) a description of how the subgrant  
13 funds or grant funds, as appropriate, will be  
14 used, including a description of how such funds  
15 will be used in conjunction with other Federal  
16 programs administered by the Secretary;

17 “(I) a description of how students in the  
18 community will be—

19 “(i) informed about the charter  
20 school; and

21 “(ii) given an equal opportunity to at-  
22 tend the charter school;

23 “(J) an assurance that the eligible appli-  
24 cant will annually provide the Secretary and the  
25 State educational agency such information as



## IV-37

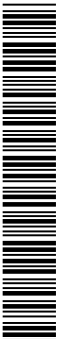
1 may be required to determine if the charter  
2 school is making satisfactory progress toward  
3 achieving the objectives described in subpara-  
4 graph (C)(i);

5 “(K) an assurance that the applicant will  
6 cooperate with the Secretary and the State edu-  
7 cational agency in evaluating the program as-  
8 sisted under this part;

9 “(L) a description of how a charter school  
10 that is considered a local educational agency  
11 under State law, or a local educational agency  
12 in which a charter school is located, will comply  
13 with sections 613(a)(5) and 613(e)(1)(B) of the  
14 Individuals with Disabilities Education Act;

15 “(M) if the eligible applicant desires to use  
16 subgrant funds for dissemination activities  
17 under section 4202(c)(2)(C), a description of  
18 those activities and how those activities will in-  
19 volve charter schools and other public schools,  
20 local educational agencies, developers, and po-  
21 tential developers; and

22 “(N) such other information and assur-  
23 ances as the Secretary and the State edu-  
24 cational agency may require.



## IV-38

1       “(c) CONTENTS OF ELIGIBLE APPLICANT APPLICA-  
2 TION.—Each eligible applicant desiring a grant pursuant  
3 to section 4202(b) shall submit an application to the State  
4 educational agency or Secretary, respectively, at such  
5 time, in such manner, and accompanied by such informa-  
6 tion as the State educational agency or Secretary, respec-  
7 tively, may reasonably require.

8       “(d) CONTENTS OF APPLICATION.—Each application  
9 submitted pursuant to subsection (c) shall contain—

10           “(1) the information and assurances described  
11 in subparagraphs (A) through (N) of subsection  
12 (b)(3), except that for purposes of this subsection  
13 subparagraphs (J), (K), and (N) of such subsection  
14 shall be applied by striking ‘and the State edu-  
15 cational agency’ each place such term appears; and

16           “(2) assurances that the State educational  
17 agency—

18           “(A) will grant, or will obtain, waivers of  
19 State statutory or regulatory requirements; and

20           “(B) will assist each subgrantee in the  
21 State in receiving a waiver under section  
22 4204(e).

23 **“SEC. 4204. ADMINISTRATION.**

24       “(a) SELECTION CRITERIA FOR STATE EDU-  
25 CATIONAL AGENCIES.—The Secretary shall award grants



## IV-39

1 to State educational agencies under this part on the basis  
2 of the quality of the applications submitted under section  
3 4203(b), after taking into consideration such factors as—

4 “(1) the contribution that the charter schools  
5 grant program will make to assisting educationally  
6 disadvantaged and other students to achieving State  
7 content standards and State student performance  
8 standards and, in general, a State’s education im-  
9 provement plan;

10 “(2) the degree of flexibility afforded by the  
11 State educational agency to charter schools under  
12 the State’s charter schools law;

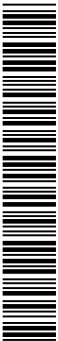
13 “(3) the ambitiousness of the objectives for the  
14 State charter school grant program;

15 “(4) the quality of the strategy for assessing  
16 achievement of those objectives;

17 “(5) the likelihood that the charter school grant  
18 program will meet those objectives and improve edu-  
19 cational results for students;

20 “(6) the number of high quality charter schools  
21 created under this part in the State; and

22 “(7) in the case of State educational agencies  
23 that propose to use grant funds to support dissemi-  
24 nation activities under section 4202(c)(2)(C), the



## IV-40

1 quality of those activities and the likelihood that  
2 those activities will improve student achievement.

3 “(b) SELECTION CRITERIA FOR ELIGIBLE APPLI-  
4 CANTS.—The Secretary shall award grants to eligible ap-  
5 plicants under this part on the basis of the quality of the  
6 applications submitted under section 4203(c), after taking  
7 into consideration such factors as—

8 “(1) the quality of the proposed curriculum and  
9 instructional practices;

10 “(2) the degree of flexibility afforded by the  
11 State educational agency and, if applicable, the local  
12 educational agency to the charter school;

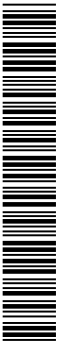
13 “(3) the extent of community support for the  
14 application;

15 “(4) the ambitiousness of the objectives for the  
16 charter school;

17 “(5) the quality of the strategy for assessing  
18 achievement of those objectives;

19 “(6) the likelihood that the charter school will  
20 meet those objectives and improve educational re-  
21 sults for students; and

22 “(7) in the case of an eligible applicant that  
23 proposes to use grant funds to support dissemina-  
24 tion activities under section 4202(c)(2)(C), the qual-





## IV-41

1       ity of those activities and the likelihood that those  
2       activities will improve student achievement.

3       “(c) PEER REVIEW.—The Secretary, and each State  
4       educational agency receiving a grant under this part, shall  
5       use a peer review process to review applications for assist-  
6       ance under this part.

7       “(d) DIVERSITY OF PROJECTS.—The Secretary and  
8       each State educational agency receiving a grant under this  
9       part, shall award subgrants under this part in a manner  
10      that, to the extent possible, ensures that such grants and  
11      subgrants—

12           “(1) are distributed throughout different areas  
13      of the Nation and each State, including urban and  
14      rural areas; and

15           “(2) will assist charter schools representing a  
16      variety of educational approaches, such as ap-  
17      proaches designed to reduce school size.

18      “(e) WAIVERS.—The Secretary may waive any statu-  
19      tory or regulatory requirement over which the Secretary  
20      exercises administrative authority except any such require-  
21      ment relating to the elements of a charter school described  
22      in section 4210(1), if—

23           “(1) the waiver is requested in an approved ap-  
24      plication under this part; and



## IV-42

1           “(2) the Secretary determines that granting  
2           such a waiver will promote the purpose of this part.

3           “(f) USE OF FUNDS.—

4           “(1) STATE EDUCATIONAL AGENCIES.—Each  
5           State educational agency receiving a grant under  
6           this part shall use such grant funds to award sub-  
7           grants to one or more eligible applicants in the State  
8           to enable such applicant to plan and implement a  
9           charter school in accordance with this part, except  
10          that the State educational agency may reserve not  
11          more than 10 percent of the grant funds to support  
12          dissemination activities described in paragraph (6).

13          “(2) ELIGIBLE APPLICANTS.—Each eligible ap-  
14          plicant receiving funds from the Secretary or a State  
15          educational agency shall use such funds to plan and  
16          implement a charter school, or to disseminate infor-  
17          mation about the charter school and successful prac-  
18          tices in the charter school, in accordance with this  
19          part.

20          “(3) ALLOWABLE ACTIVITIES.—An eligible ap-  
21          plicant receiving a grant or subgrant under this part  
22          may use the grant or subgrant funds only for—

23                  “(A) post-award planning and design of  
24                  the educational program, which may include—



## IV-43

1 “(i) refinement of the desired edu-  
2 cational results and of the methods for  
3 measuring progress toward achieving those  
4 results; and

5 “(ii) professional development of  
6 teachers and other staff who will work in  
7 the charter school; and

8 “(B) initial implementation of the charter  
9 school, which may include—

10 “(i) informing the community about  
11 the school;

12 “(ii) acquiring necessary equipment  
13 and educational materials and supplies;

14 “(iii) acquiring or developing cur-  
15 riculum materials; and

16 “(iv) other initial operational costs  
17 that cannot be met from State or local  
18 sources.

19 “(4) ADMINISTRATIVE EXPENSES.—Each State  
20 educational agency receiving a grant pursuant to  
21 this part may reserve not more than 5 percent of  
22 such grant funds for administrative expenses associ-  
23 ated with the charter school grant program assisted  
24 under this part.



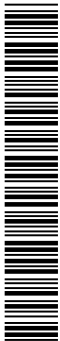
## IV-44

1           “(5) REVOLVING LOAN FUNDS.—Each State  
2           educational agency receiving a grant pursuant to  
3           this part may reserve not more than 10 percent of  
4           the grant amount for the establishment of a revolv-  
5           ing loan fund. Such fund may be used to make loans  
6           to eligible applicants that have received a subgrant  
7           under this part, under such terms as may be deter-  
8           mined by the State educational agency, for the ini-  
9           tial operation of the charter school grant program of  
10          such recipient until such time as the recipient begins  
11          receiving ongoing operational support from State or  
12          local financing sources.

13          “(6) DISSEMINATION.—

14               “(A) IN GENERAL.—A charter school may  
15               apply for funds under this part, whether or not  
16               the charter school has applied for or received  
17               funds under this part for planning, program de-  
18               sign, or implementation, to carry out the activi-  
19               ties described in subparagraph (B) if the char-  
20               ter school has been in operation for at least 3  
21               consecutive years and has demonstrated overall  
22               success, including—

23                       “(i) substantial progress in improving  
24                       student achievement;



## IV-45

1                   “(ii) high levels of parent satisfaction;  
2                   and

3                   “(iii) the management and leadership  
4                   necessary to overcome initial start-up prob-  
5                   lems and establish a thriving, financially  
6                   viable charter school.

7                   “(B) ACTIVITIES.—A charter school de-  
8                   scribed in subparagraph (A) may use funds re-  
9                   served under paragraph (1) to assist other  
10                  schools in adapting the charter school’s pro-  
11                  gram (or certain aspects of the charter school’s  
12                  program), or to disseminate information about  
13                  the charter school, through such activities as—

14                  “(i) assisting other individuals with  
15                  the planning and start-up of one or more  
16                  new public schools, including charter  
17                  schools, that are independent of the assist-  
18                  ing charter school and the assisting charter  
19                  school’s developers, and that agree to be  
20                  held to at least as high a level of account-  
21                  ability as the assisting charter school;

22                  “(ii) developing partnerships with  
23                  other public schools, including charter  
24                  schools, designed to improve student per-



## IV-46

1 formance in each of the schools partici-  
2 pating in the partnership;

3 “(iii) developing curriculum materials,  
4 assessments, and other materials that pro-  
5 mote increased student achievement and  
6 are based on successful practices within  
7 the assisting charter school; and

8 “(iv) conducting evaluations and de-  
9 veloping materials that document the suc-  
10 cessful practices of the assisting charter  
11 school and that are designed to improve  
12 student performance in other schools.

13 “(g) TRIBALLY CONTROLLED SCHOOLS.—Each State  
14 that receives a grant under this part and designates a trib-  
15 ally controlled school as a charter school shall not consider  
16 payments to a school under the Tribally Controlled  
17 Schools Act of 1988 (25 U.S.C. 2507) in determining—

18 “(1) the eligibility of the school to receive any  
19 other Federal, State, or local aid; or

20 “(2) the amount of such aid.

21 **“SEC. 4205. NATIONAL ACTIVITIES.**

22 “(a) IN GENERAL.—The Secretary shall reserve for  
23 each fiscal year the greater of 5 percent or \$5,000,000  
24 of the amount appropriated to carry out this part, except



## IV-47

1 that in no fiscal year shall the total amount so reserved  
2 exceed \$8,000,000, to carry out the following activities:

3 “(1) To provide charter schools, either directly  
4 or through State educational agencies, with—

5 “(A) information regarding—

6 “(i) Federal funds that charter  
7 schools are eligible to receive; and

8 “(ii) other Federal programs in which  
9 charter schools may participate; and

10 “(B) assistance in applying for Federal  
11 education funds that are allocated by formula,  
12 including assistance with filing deadlines and  
13 submission of applications.

14 “(2) To provide for other evaluations or studies  
15 that include the evaluation of the impact of charter  
16 schools on student achievement, including informa-  
17 tion regarding—

18 “(A) students attending charter schools re-  
19 ported on the basis of race, age, disability, gen-  
20 der, limited English proficiency, and previous  
21 enrollment in public school; and

22 “(B) the professional qualifications of  
23 teachers within a charter school and the turn-  
24 over of the teaching force.

25 “(3) To provide—



## IV-48

1           “(A) information to applicants for assist-  
2           ance under this part;

3           “(B) assistance to applicants for assistance  
4           under this part with the preparation of applica-  
5           tions under section 4203;

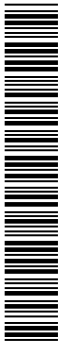
6           “(C) assistance in the planning and start-  
7           up of charter schools;

8           “(D) training and technical assistance to  
9           existing charter schools; and

10          “(E) for the dissemination to other public  
11          schools of best or promising practices in charter  
12          schools.

13          “(4) To provide (including through the use of  
14          one or more contracts that use a competitive bidding  
15          process) for the collection of information regarding  
16          the financial resources available to charter schools,  
17          including access to private capital, and to widely dis-  
18          seminate to charter schools any such relevant infor-  
19          mation and model descriptions of successful pro-  
20          grams.

21          “(b) CONSTRUCTION.—Nothing in this section shall  
22          be construed to require charter schools to collect any data  
23          described in subsection (a).





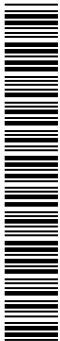
## IV-49

1   **“SEC. 4206. FEDERAL FORMULA ALLOCATION DURING**  
2                   **FIRST YEAR AND FOR SUCCESSIVE ENROLL-**  
3                   **MENT EXPANSIONS.**

4       “(a) IN GENERAL.—For purposes of the allocation  
5 to schools by the States or their agencies of funds under  
6 part A of title I, and any other Federal funds which the  
7 Secretary allocates to States on a formula basis, the Sec-  
8 retary and each State educational agency shall take such  
9 measures not later than 6 months after the date of the  
10 enactment of the Charter School Expansion Act of 1998  
11 as are necessary to ensure that every charter school re-  
12 ceives the Federal funding for which the charter school  
13 is eligible not later than 5 months after the charter school  
14 first opens, notwithstanding the fact that the identity and  
15 characteristics of the students enrolling in that charter  
16 school are not fully and completely determined until that  
17 charter school actually opens. The measures similarly shall  
18 ensure that every charter school expanding its enrollment  
19 in any subsequent year of operation receives the Federal  
20 funding for which the charter school is eligible not later  
21 than 5 months after such expansion.

22       “(b) ADJUSTMENT AND LATE OPENINGS.—

23               “(1) IN GENERAL.—The measures described in  
24 subsection (a) shall include provision for appropriate  
25 adjustments, through recovery of funds or reduction  
26 of payments for the succeeding year, in cases where



## IV-50

1 payments made to a charter school on the basis of  
2 estimated or projected enrollment data exceed the  
3 amounts that the school is eligible to receive on the  
4 basis of actual or final enrollment data.

5 “(2) RULE.—For charter schools that first  
6 open after November 1 of any academic year, the  
7 State, in accordance with guidance provided by the  
8 Secretary and applicable Federal statutes and regu-  
9 lations, shall ensure that such charter schools that  
10 are eligible for the funds described in subsection (a)  
11 for such academic year have a full and fair oppor-  
12 tunity to receive those funds during the charter  
13 schools’ first year of operation.

14 **“SEC. 4207. SOLICITATION OF INPUT FROM CHARTER**  
15 **SCHOOL OPERATORS.**

16 “To the extent practicable, the Secretary shall ensure  
17 that administrators, teachers, and other individuals di-  
18 rectly involved in the operation of charter schools are con-  
19 sulted in the development of any rules or regulations re-  
20 quired to implement this part, as well as in the develop-  
21 ment of any rules or regulations relevant to charter  
22 schools that are required to implement part A of title I,  
23 the Individuals with Disabilities Education Act (20 U.S.C.  
24 1400 et seq.), or any other program administered by the



## IV-51

1 Secretary that provides education funds to charter schools  
2 or regulates the activities of charter schools.

3 **“SEC. 4208. RECORDS TRANSFER.**

4 “State educational agencies and local educational  
5 agencies, to the extent practicable, shall ensure that a stu-  
6 dent’s records and, if applicable, a student’s individualized  
7 education program as defined in section 602(11) of the  
8 Individuals with Disabilities Education Act (20 U.S.C.  
9 1401(11)), are transferred to a charter school upon the  
10 transfer of the student to the charter school, and to an-  
11 other public school upon the transfer of the student from  
12 a charter school to another public school, in accordance  
13 with applicable State law.

14 **“SEC. 4209. PAPERWORK REDUCTION.**

15 “To the extent practicable, the Secretary and each  
16 authorized public chartering agency shall ensure that im-  
17 plementation of this part results in a minimum of paper-  
18 work for any eligible applicant or charter school.

19 **“SEC. 4210. DEFINITIONS.**

20 “As used in this part:

21 “(1) The term ‘charter school’ means a public  
22 school that—

23 “(A) in accordance with a specific State  
24 statute authorizing the granting of charters to  
25 schools, is exempted from significant State or



## IV-52

1 local rules that inhibit the flexible operation  
2 and management of public schools, but not  
3 from any rules relating to the other require-  
4 ments of this paragraph;

5 “(B) is created by a developer as a public  
6 school, or is adapted by a developer from an ex-  
7 isting public school, and is operated under pub-  
8 lic supervision and direction;

9 “(C) operates in pursuit of a specific set of  
10 educational objectives determined by the  
11 school’s developer and agreed to by the author-  
12 ized public chartering agency;

13 “(D) provides a program of elementary or  
14 secondary education, or both;

15 “(E) is nonsectarian in its programs, ad-  
16 missions policies, employment practices, and all  
17 other operations, and is not affiliated with a  
18 sectarian school or religious institution;

19 “(F) does not charge tuition;

20 “(G) complies with the Age Discrimination  
21 Act of 1975, title VI of the Civil Rights Act of  
22 1964, title IX of the Education Amendments of  
23 1972, section 504 of the Rehabilitation Act of  
24 1973, and part B of the Individuals with Dis-  
25 abilities Education Act;



## IV-53

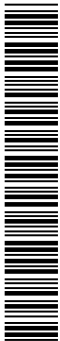
1           “(H) is a school to which parents choose to  
2           send their children, and that admits students  
3           on the basis of a lottery, or in another non-  
4           discriminatory manner consistent with State  
5           law, if more students apply for admission than  
6           can be accommodated;

7           “(I) agrees to comply with the same Fed-  
8           eral and State audit requirements as do other  
9           elementary and secondary schools in the State,  
10          unless such requirements are specifically waived  
11          for the purpose of this program;

12          “(J) meets all applicable Federal, State,  
13          and local health and safety requirements;

14          “(K) operates in accordance with State  
15          law; and

16          “(L) has a written performance contract  
17          with the authorized public chartering agency in  
18          the State that includes a description of how  
19          student performance will be measured in char-  
20          ter schools pursuant to State assessments that  
21          are required of other schools and pursuant to  
22          any other assessments mutually agreeable to  
23          the authorized public chartering agency and the  
24          charter school.



## IV-54

1           “(2) The term ‘developer’ means an individual  
2           or group of individuals (including a public or private  
3           nonprofit organization), which may include teachers,  
4           administrators and other school staff, parents, or  
5           other members of the local community in which a  
6           charter school project will be carried out.

7           “(3) The term ‘eligible applicant’ means an au-  
8           thorized public chartering agency participating in a  
9           partnership with a developer to establish a charter  
10          school in accordance with this part.

11          “(4) The term ‘authorized public chartering  
12          agency’ means a State educational agency, local edu-  
13          cational agency, or other public entity that has the  
14          authority pursuant to State law and approved by the  
15          Secretary to authorize or approve a charter school.

16   **“SEC. 4211. AUTHORIZATION OF APPROPRIATIONS.**

17          “For the purpose of carrying out this part, there are  
18          authorized to be appropriated \$200,000,000 for fiscal year  
19          2002 and such sums as may be necessary for each of the  
20          4 succeeding fiscal years.”.

21          **PART C—SCHOOL CHOICE RESEARCH AND**

22                           **DEMONSTRATION**

23   **SEC. 421. SCHOOL CHOICE RESEARCH AND DEMONSTRATION**  
24                           **TION**

25          Part C of title IV is amended to read as follows:



## IV-55

1    **“PART C—EDUCATIONAL OPPORTUNITY FUND**2    **“SEC. 4311. PURPOSE.**

3       “The purpose of this part is to determine the effec-  
4   tiveness of school choice in improving the academic  
5   achievement of disadvantaged students and the overall  
6   quality of public schools and local educational agencies.

7    **“SEC. 4312. PROGRAM AUTHORIZED.**

8       “The Secretary is authorized to make competitive  
9   awards to eligible entities to carry out and evaluate,  
10   through contracts or grants, research projects that dem-  
11   onstrate how school choice options increase the academic  
12   achievement of students, schools, and local educational  
13   agencies.

14   **“SEC. 4313. ELIGIBLE ENTITIES.**

15       “For purposes of this part an eligible entity is—

16           “(1) a State educational agency;

17           “(2) a county agency;

18           “(3) a municipal agency;

19           “(4) a local educational agency;

20           “(5) a nonprofit corporation; or

21           “(6) a consortia thereof.

22   **“SEC. 4314. APPLICATIONS.**

23       “Each eligible entity desiring an award under this  
24   part shall submit an application to the Secretary that shall  
25   include—



## IV-56

1           “(1) a description of the proposed research  
2           project, including a designation from which local  
3           educational agency or agencies eligible students will  
4           be selected to participate in a choice program;

5           “(2) a description of the annual costs of the  
6           project;

7           “(3) a description of the research design that  
8           the eligible entity will employ in carrying out the  
9           project;

10          “(4) a description of the project evaluation that  
11          will be conducted by an independent third party en-  
12          tity, including—

13               “(A) the name and qualifications of the  
14               independent entity that will conduct the evalua-  
15               tion; and

16               “(B) a description of how the evaluation  
17               will measure the academic achievement of stu-  
18               dents participating in the program, parental  
19               satisfaction and the effect of the project on the  
20               schools and agencies designated in paragraph  
21               (1);

22          “(5) a description of how the eligible entity will  
23          ensure the participation of students selected for the  
24          control group;





## IV-57

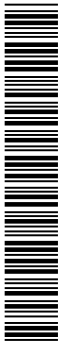
1           “(6) a description of the assessment that the el-  
2           igible entity will use to assess annually the progress  
3           of participants in the research project in grades 3  
4           through 8 in mathematics and reading and how it is  
5           comparable to assessments used by the agency or  
6           agencies described under paragraph (1);

7           “(7) an assurance that the eligible entity will  
8           assess all students that are participating in the pro-  
9           gram or in the control group at the beginning of the  
10          project;

11          “(8) an assurance that the eligible entity will  
12          report annually to the Secretary on the impact of  
13          the project on student achievement, including a dis-  
14          cussion of the meaning and an attestation of validity  
15          of the achievement data;

16          “(9) an assurance that, if the number of stu-  
17          dents applying to participate in the project is greater  
18          than the number of students the project can serve,  
19          participants will be selected by lottery;

20          “(10) a description of how the amount that will  
21          be provided directly to students for tuition, fees,  
22          transportation, or supplemental services will be de-  
23          termined;



## IV-58

1           “(11) an assurance that schools participating  
2           under this part will abide by the nondiscrimination  
3           requirements set forth in section 4319;

4           “(12) an assurance that eligible students receiv-  
5           ing assistance under this part will not be defined by  
6           reference to religion and that grants will be allocated  
7           on the basis of neutral, secular criteria that neither  
8           favor nor disfavor religion, and will be made avail-  
9           able to children attending secular and nonsecular in-  
10          stitutions on a nondiscriminatory basis; and

11          “(13) an assurance that no private school will  
12          be required to participate in the project without its  
13          consent.

14   **“SEC. 4315. PRIORITIES.**

15          “In awarding grants under this program, the Sec-  
16   retary shall give priority to applications that—

17          “(1) provide students and families with the  
18          widest range of educational options;

19          “(2) target resources to students and families  
20          that lack the financial resources to take advantage  
21          of available educational options;

22          “(3) are of sufficient size to have a significant  
23          impact on the public and private schools of the com-  
24          munity that the project serves;



## IV-59

1           “(4) propose using rigorous methodologies and  
2           third party evaluators with experience in evaluating  
3           school choice proposals; and

4           “(5) propose serving students of varying age  
5           and grade levels.

6   **“SEC. 4316. USE OF FUNDS.**

7           “(a) IN GENERAL.—A grantee may reserve up to 10  
8           percent of its award for research and evaluation activities,  
9           of which not more than 2 percent may be used for admin-  
10          istrative purposes.

11          “(b) GRANTS TO STUDENTS.—A grantee shall use at  
12          least 90 percent of its award to provide grants to eligible  
13          students, who shall use the grants to—

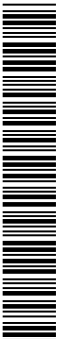
14               “(1) pay the eligible educational expenses, in-  
15               cluding tuition, fees, and transportation expenses re-  
16               quired to attend the school of their choice; or

17               “(2) purchase supplemental educational serv-  
18               ices.

19          “(c) ASSISTANCE.—All grants provided to students  
20          by the project shall be deemed assistance to students rath-  
21          er than to schools.

22   **“SEC. 4317. ELIGIBLE STUDENTS.**

23          “For purposes of the activities funded under this  
24          part, an eligible student is defined as a student who—



## IV-60

1           “(1) is eligible for a free or reduced-price lunch  
2           subsidy under the National School Lunch program;  
3           and

4           “(2) attended a public elementary or secondary  
5           school or was not yet of school age in the year pre-  
6           ceding participation in this program.

7   **“SEC. 4318. REPORTING REQUIREMENTS.**

8           “(a) IN GENERAL.—Each grantee receiving an award  
9           under this program shall, beginning with the second year  
10          of the project, report annually to the Secretary  
11          regarding—

12           “(1) the activities carried out during the pre-  
13          ceding 12 months with program funds; and

14           “(2) the results of the assessments given to stu-  
15          dents participating in the program and students se-  
16          lected for the control group.

17          “(b) PERFORMANCE REPORTS.—In addition, each  
18          grantee shall, in the third year of the research project,  
19          report annually to the Secretary regarding—

20           “(1) the academic performance of students par-  
21          ticipating in the project; and

22           “(2) parental satisfaction; and

23           “(3) changes in the overall performance and  
24          quality of public and private elementary and sec-  
25          ondary schools affected by the project, as well as



## IV-61

1 other indicators such as teacher quality, innovative  
2 reforms, or special programs.

3 “(c) REPORT TO CONGRESS.—The Secretary shall  
4 submit to the appropriate congressional committees an an-  
5 nual report on the findings of the reports submitted under  
6 subsections (a) and (b), and include the comments of the  
7 independent review panel in accordance with section  
8 4019(3).

9 “SEC. 4319. NONDISCRIMINATION.

10 “(a) APPLICATION.—Except as provided in subpara-  
11 graph (B), title VI of the Civil Rights Act of 1964, title  
12 IX of the Education Amendments of 1972, and section  
13 504 of the Rehabilitation Act of 1973, do not apply to  
14 a private school that enrolls an eligible child who receives  
15 funds under this part by virtue of that child’s use of those  
16 funds to enroll at that school.

17 “(b) RIGHT AT PRIVATE SCHOOLS.—The eligible en-  
18 tity shall ensure that a private school that enrolls an eligi-  
19 ble child described in subparagraph (A) shall afford the  
20 child the same rights against discrimination provided by  
21 the statutes identified in that subparagraph, and shall af-  
22 ford those same rights to any eligible child who applies  
23 to enroll in that school.



## IV-62

1 **“SEC. 4320. INDEPENDENT REVIEW PANEL.**

2       “(a) ESTABLISHMENT.—The Secretary shall estab-  
3 lish an independent review panel to advise the Secretary  
4 on technical and methodological issues and in overseeing  
5 the activities funded under this part.

6       “(b) MEMBERSHIP.—The Secretary shall appoint  
7 members of the independent review panel from among  
8 qualified individuals who are—

9               “(A) specialists in school choice research,  
10              as well as experts in statistics, evaluation, re-  
11              search, and assessment; and

12             “(B) other individuals with technical ex-  
13              pertise who will contribute to the overall rigor  
14              and quality of the evaluations.

15       “(c) POWERS.—The independent review panel shall  
16 consult with and advise the Secretary—

17             “(1) to ensure that the evaluations funded  
18              under this part adhere to the highest possible stand-  
19              ards of quality with respect to research design and  
20              statistical analysis; and

21             “(2) to evaluate and comment on the degree to  
22              which annual reports submitted in accordance with  
23              section 4318 meet the requirements under subpara-  
24              graph (A) with such comments included with the re-  
25              port submitted to the appropriate Congressional  
26              committees.



## IV-63

1 **“SEC. 4321. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated  
3 \$25,000,000 for fiscal year 2002 and such sums as may  
4 be necessary for each of the 4 succeeding fiscal years.”.

5 **PART D—MAGNET SCHOOLS ASSISTANCE**6 **SEC. 431. MAGNET SCHOOLS ASSISTANCE.**

7 Part D of title IV is amended to read as follows:

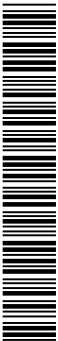
8 **“PART D—MAGNET SCHOOLS ASSISTANCE**9 **“SEC. 4401. STATEMENT OF PURPOSE.**

10 “The purpose of this part is to assist in the desegre-  
11 gation of schools served by local educational agencies by  
12 providing financial assistance to eligible local educational  
13 agencies for—

14 “(1) the elimination, reduction, or prevention of  
15 minority group isolation in elementary and sec-  
16 ondary schools with substantial proportions of mi-  
17 nority students;

18 “(2) the development and implementation of  
19 magnet school projects that will assist local edu-  
20 cational agencies in achieving systemic reforms and  
21 providing all students the opportunity to meet chal-  
22 lenging State content standards and challenging  
23 State student performance standards;

24 “(3) the development and design of innovative  
25 educational methods and practices that promote di-



## IV-64

1       versity and increase choices in public elementary and  
2       secondary schools and educational programs; and

3           “(4) courses of instruction within magnet  
4       schools that will substantially strengthen the knowl-  
5       edge of academic subjects and the grasp of tangible  
6       and marketable vocational and technical skills of  
7       students attending such schools.

8   **“SEC. 4402. PROGRAM AUTHORIZED.**

9       “The Secretary, in accordance with this part, is au-  
10      thorized to make grants to eligible local educational agen-  
11      cies, and consortia of such agencies where appropriate, to  
12      carry out the purpose of this part for magnet schools that  
13      are—

14           “(1) part of an approved desegregation plan;  
15      and

16           “(2) designed to bring students from different  
17      social, economic, ethnic, and racial backgrounds to-  
18      gether.

19   **“SEC. 4403. DEFINITION.**

20       “For the purpose of this part, the term ‘magnet  
21      school’ means a public elementary or secondary school or  
22      public elementary or secondary education center that of-  
23      fers a special curriculum capable of attracting substantial  
24      numbers of students of different racial backgrounds.





## IV-65

1 **“SEC. 4404. ELIGIBILITY.**

2 “A local educational agency, or consortium of such  
3 agencies where appropriate, is eligible to receive assistance  
4 under this part to carry out the purpose of this part if  
5 such agency or consortium—

6 “(1) is implementing a plan undertaken pursu-  
7 ant to a final order issued by a court of the United  
8 States, or a court of any State, or any other State  
9 agency or official of competent jurisdiction, that re-  
10 quires the desegregation of minority-group-seg-  
11 regated children or faculty in the elementary and  
12 secondary schools of such agency; or

13 “(2) without having been required to do so, has  
14 adopted and is implementing, or will, if assistance is  
15 made available to such local educational agency or  
16 consortium of such agencies under this part, adopt  
17 and implement a plan that has been approved by the  
18 Secretary as adequate under title VI of the Civil  
19 Rights Act of 1964 for the desegregation of minor-  
20 ity-group-segregated children or faculty in such  
21 schools.

22 **“SEC. 4405. APPLICATIONS AND REQUIREMENTS.**

23 “(a) APPLICATIONS.—An eligible local educational  
24 agency, or consortium of such agencies, desiring to receive  
25 assistance under this part shall submit an application to  
26 the Secretary at such time, in such manner, and con-



## IV-66

1 taining such information and assurances as the Secretary  
2 may reasonably require.

3 “(b) INFORMATION AND ASSURANCES.—Each such  
4 application shall include—

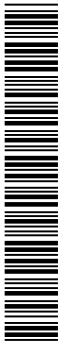
5 “(1) a description of—

6 “(A) how assistance made available under  
7 this part will be used to promote desegregation,  
8 including how the proposed magnet school  
9 project will increase interaction among students  
10 of different social, economic, ethnic, and racial  
11 backgrounds;

12 “(B) the manner and extent to which the  
13 magnet school project will increase student  
14 achievement in the instructional area or areas  
15 offered by the school;

16 “(C) how an applicant will continue the  
17 magnet school project after assistance under  
18 this part is no longer available, including, if ap-  
19 plicable, an explanation of why magnet schools  
20 established or supported by the applicant with  
21 funds under this part cannot be continued with-  
22 out the use of funds under this part;

23 “(D) how funds under this part will be  
24 used to improve student academic performance



## IV-67

1 for all students attending the magnet schools;  
2 and

3 “(E) the criteria to be used in selecting  
4 students to attend the proposed magnet school  
5 projects; and

6 “(2) assurances that the applicant will—

7 “(A) use funds under this part for the pur-  
8 pose specified in section 4401;

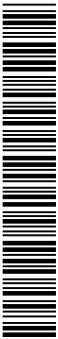
9 “(B) employ fully qualified teachers in the  
10 courses of instruction assisted under this part;

11 “(C) not engage in discrimination based on  
12 race, religion, color, national origin, sex, or dis-  
13 ability in—

14 “(i) the hiring, promotion, or assign-  
15 ment of employees of the agency or other  
16 personnel for whom the agency has any ad-  
17 ministrative responsibility;

18 “(ii) the assignment of students to  
19 schools, or to courses of instruction within  
20 the school, of such agency, except to carry  
21 out the approved plan; and

22 “(iii) designing or operating extra-  
23 curricular activities for students;



## IV-68

1           “(D) carry out a high-quality education  
2           program that will encourage greater parental  
3           decisionmaking and involvement; and

4           “(E) give students residing in the local at-  
5           tendance area of the proposed magnet school  
6           projects equitable consideration for placement  
7           in those projects.

8   **“SEC. 4406. PRIORITY.**

9           “In approving applications under this part, the Sec-  
10   retary shall give priority to applicants that—

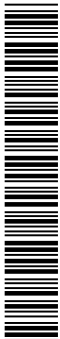
11           “(1) demonstrate the greatest need for assist-  
12           ance, based on the expense or difficulty of effectively  
13           carrying out an approved desegregation plan and the  
14           projects for which assistance is sought;

15           “(2) propose to carry out new magnet school  
16           projects, or significantly revise existing magnet  
17           school projects; and

18           “(3) propose to select students to attend mag-  
19           net school projects by methods such as lottery, rath-  
20           er than through academic examination.

21   **“SEC. 4407. USE OF FUNDS.**

22           “(a) IN GENERAL.—Grant funds made available  
23           under this part may be used by an eligible local edu-  
24           cational agency or consortium of such agencies—



## IV-69

1           “(1) for planning and promotional activities di-  
2           rectly related to the development, expansion, con-  
3           tinuation, or enhancement of academic programs  
4           and services offered at magnet schools;

5           “(2) for the acquisition of books, materials, and  
6           equipment, including computers and the mainte-  
7           nance and operation thereof, necessary for the con-  
8           duct of programs in magnet schools;

9           “(3) for the payment, or subsidization of the  
10          compensation, of elementary and secondary school  
11          teachers who are fully qualified, and instructional  
12          staff where applicable, who are necessary for the  
13          conduct of programs in magnet schools;

14          “(4) with respect to a magnet school program  
15          offered to less than the entire student population of  
16          a school, for instructional activities that—

17               “(A) are designed to make available the  
18               special curriculum that is offered by the magnet  
19               school project to students who are enrolled in  
20               the school but who are not enrolled in the mag-  
21               net school program; and

22               “(B) further the purpose of this part; and

23          “(5) for activities, which may include profes-  
24          sional development, that will build the recipient’s ca-



## IV-70

1        capacity to operate magnet school programs once the  
2        grant period has ended.

3        “(b) SPECIAL RULE.—Grant funds under this part  
4        may be used in accordance with paragraphs (2) and (3)  
5        of subsection (a) only if the activities described in such  
6        paragraphs are directly related to improving the students’  
7        academic performance based on the State’s challenging  
8        content standards and challenging student performance  
9        standards or directly related to improving the students’  
10       reading skills or knowledge of mathematics, science, his-  
11       tory, geography, English, foreign languages, art, or music,  
12       or to improving vocational and technical skills.

13       **“SEC. 4408. PROHIBITIONS.**

14       “(a) TRANSPORTATION.—Grants under this part may  
15       not be used for transportation or any activity that does  
16       not augment academic improvement.

17       “(b) PLANNING.—A local educational agency shall  
18       not expend funds under this part after the third year that  
19       such agency receives funds under this part for such  
20       project.

21       **“SEC. 4409. LIMITATIONS.**

22       “(a) DURATION OF AWARDS.—A grant under this  
23       part shall be awarded for a period that shall not exceed  
24       three fiscal years.



## IV-71

1 “(b) LIMITATION ON PLANNING FUNDS.—A local  
2 educational agency may expend for planning not more  
3 than 50 percent of the funds received under this part for  
4 the first year of the project, 15 percent of such funds for  
5 the second such year, and 10 percent of such funds for  
6 the third such year.

7 “(c) AMOUNT.—No local educational agency or con-  
8 sortium awarded a grant under this part shall receive  
9 more than \$4,000,000 under this part in any one fiscal  
10 year.

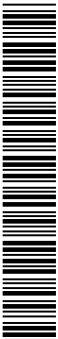
11 “(d) TIMING.—To the extent practicable, the Sec-  
12 retary shall award grants for any fiscal year under this  
13 part not later than July 1 of the applicable fiscal year.

14 **“SEC. 4410. EVALUATIONS.**

15 “(a) RESERVATION.—The Secretary may reserve not  
16 more than 2 percent of the funds appropriated under sec-  
17 tion 4411(a) for any fiscal year to carry out evaluations,  
18 technical assistance, and dissemination projects with re-  
19 spect to magnet school projects and programs assisted  
20 under this part.

21 “(b) CONTENTS.—Each evaluation described in sub-  
22 section (a), at a minimum, shall address—

23 “(1) how and the extent to which magnet school  
24 programs lead to educational quality and improve-  
25 ment;



## IV-72

1           “(2) the extent to which magnet school pro-  
2           grams enhance student access to quality education;

3           “(3) the extent to which magnet school pro-  
4           grams lead to the elimination, reduction, or preven-  
5           tion of minority group isolation in elementary and  
6           secondary schools with substantial proportions of mi-  
7           nority students; and

8           “(4) the extent to which magnet school pro-  
9           grams differ from other school programs in terms of  
10          the organizational characteristics and resource allo-  
11          cations of such magnet school programs.

12   **“SEC. 4411. AUTHORIZATION OF APPROPRIATIONS; RES-**  
13                   **ERVATION.**

14          “(a) AUTHORIZATION.—For the purpose of carrying  
15          out this part, there are authorized to be appropriated  
16          \$110,000,000 for fiscal year 2002 and such sums as may  
17          be necessary for each of the 4 succeeding fiscal years.

18          “(b) AVAILABILITY OF FUNDS FOR GRANTS TO  
19          AGENCIES NOT PREVIOUSLY ASSISTED.—In any fiscal  
20          year for which the amount appropriated pursuant to sub-  
21          section (a) exceeds \$75,000,000, the Secretary shall give  
22          priority to using such amounts in excess of \$75,000,000  
23          to award grants to local educational agencies or consortia  
24          of such agencies that did not receive a grant under this  
25          part in the preceding fiscal year.”.





## IV-73

1 **SEC. 432. CONTINUATION OF AWARDS.**

2       Notwithstanding the amendment made by section  
3 431, or any other provision of this Act, any local edu-  
4 cational agency, or consortium of such agencies, that was  
5 awarded a grant under section 5111 of the Elementary  
6 and Secondary Education Act of 1965 (20 U.S.C. 7211)  
7 prior to the date of the enactment of this Act shall con-  
8 tinue to receive funds in accordance with the terms of such  
9 award until the date on which the award period terminates  
10 under such terms.

